

# **Michigan Public Educational Facilities Authority**

**2003 ANNUAL REPORT**

# Michigan Public Educational Facilities Authority

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## **MISSION**

The Michigan Public Educational Facilities Authority is dedicated to providing opportunities for low cost financing and technical assistance for (i) qualified public educational facilities and (ii) public school academies through its bonding and loan programs.

## **VISION FOR THE FUTURE**

The Michigan Public Educational Facilities Authority will be the first choice of financing for public school academies by being the most efficient and economical source of capital.

## **VALUES**

- ◆ Performance Excellence – Be the best at providing capital to public school academies
- ◆ Customer Focus – Provide high quality and responsive service to our clients
- ◆ Continuous Improvement – Reduce costs and streamline the financing process
- ◆ Dedication – To our mission and vision

# OVERVIEW

**M**ichigan Public Educational Facilities Authority (MPEFA) was created in 2002 when it became apparent that a unique, one-stop service center for school facilities that require uncommon mechanisms in order to obtain financing was necessary. The three main reasons being:

1. The complexity of a new federal program, the Qualified Public Educational Facilities (QPEF) Bond Program;
2. The additional attention needed to assist public school academies; and
3. The ever-growing need to utilize non-traditional means to meet Michigan schools infrastructure needs.

**F**inancing is a challenge to most public schools, for public school academies there are additional challenges to securing financing without access to local property tax. MPEFA is dedicated to providing opportunities for low cost financing for Michigan's Public School Academies.

**M**PEFA completed two issues in 2003 totaling \$17,505,000. MPEFA's bonds were sold at both fixed and variable rates of interest. One of the bond issues received a bond rating and both were backed by a letter of credit.

**T**he State Aid Note for Public School Academies provides PSAs the access to financial mechanisms utilized by traditional school districts. This program is designed specifically for PSAs and offers a simplified borrowing process to fund short-term cash flow needs for operating purposes.

**T**he bond issue for West Michigan Academy of Environmental Science provided for the construction of a facility which includes office space, gymnasium, cafeteria, media center, one science laboratory and twelve classrooms. This program is designed to provide public school academies with a low cost alternative for facilities financing.

## **MPEFA Authority Members**

The Michigan Public Educational Facilities Authority is comprised of five members, four appointed by the Governor and the State Treasurer or the Treasurer's designee. All members of the Authority serve without compensation. The present membership of the Authority is as follows:

**Mark J. Burzych, Chair**, of Okemos, is a partner in Foster, Swift, Collins and Smith P.C. He is a member of several associations, including the State Bar of Michigan, the Ingham County Bar Association, and is admitted to practice in both the U.S. District Court of the Eastern and Western Districts of Michigan and the U.S. Sixth Circuit Court of Appeals. Burzych is the current chair and is appointed for a term expiring March 18, 2006.

**Yvonne Blackmond**, of Southfield, is director of the state's Office of Drug Control Policy; she previously served as the director of development and community relations at Starr Commonwealth in Detroit and as a deputy sheriff for Los Angeles County for fourteen years. Blackmond is appointed for a term expiring March 18, 2004.

**Eldon G. Hancock**, of Lansing, is a management consultant for E.G. Hancock Consulting. Prior to starting his own consulting firm, Hancock was a securities executive with the Michigan Department of Treasury. Hancock is appointed for a term expiring March 18, 2005.

**Timothy A. Hoffman**, of Dewitt, is director of regulatory affairs for Consumer's Energy. Prior to joining Consumer's Energy, Hoffman served as the president of the Telecommunications Association of Michigan. Hoffman is appointed for a term expiring March 18, 2006.

**Jay B. Rising**, State Treasurer, appointed by Governor Granholm. Prior to his appointment, Mr. Rising practiced law with Miller, Canfield, Paddock and Stone, P.L.C. His practice areas included Public Law, State and Municipal Finance, Public Securities, and Development Finance. Mr. Rising also served the citizens of Michigan as Deputy State Treasurer for Policy Development and Finance and as Chief Deputy State Treasurer between 1983 and 1991. Mr. Rising holds a Law degree from Wayne State University. He received his Undergraduate degree from the University of Michigan.

## **Michigan Department of Treasury Staff**

**Thomas J. Letavis**, Executive Director  
**Kathleen K. O'Keefe**, Financial Specialist  
**Danielle C. Lynch**, Departmental Analyst

# **Financing Profiles**

## STATE AID NOTE

Series 2003

**Amount**  
\$14,890,000

**Interest Rate**  
1.40%

**Ratings**  
SP-1+

**Closing Date:** *August 21, 2003*

**Underwriter**  
*Fifth Third Securities, Inc.*

**Note Counsel**  
*Howard & Howard Attorneys, P.C.*

**Letter of Credit Bank**  
*Fifth Third Securities, Inc.*

The proceeds were used by the PSAs to fund short-term cash flow needs for operating purposes prior to the receipt of October State Aid payments. Fourteen Public School Academies participated in the program:

Advanced Technology Academy  
Arts Academy in the Woods  
Creative Montessori Academy  
The da Vinci Institute  
Detroit Academy of Arts and Sciences  
El-Hajj Malik El-Shabazz Academy  
Grattan Academy  
King Academy  
Merritt Academy, Inc.  
Nataki Talibah Schoolhouse of Detroit  
Sankofa Shule Academy  
University Preparatory Academy  
West Michigan Academy of Environmental Sciences  
YMCA Service Learning Academy

# West Michigan Academy of Environmental Science

Series 2003  
(Walker, Michigan)

**Amount**  
\$2,615,000

**Interest Rate**  
1.04% (Initial Variable Rate)

**Ratings**  
*Unrated*

**Closing Date:** December 10, 2003

**Underwriter**  
*Fifth Third Securities, Inc.*

**Bond Counsel**  
*Howard & Howard Attorneys, P.C.*

**Letter of Credit Bank**  
*Fifth Third Securities, Inc.*

The proceeds of these revenue bonds were used for the construction of an approximately 30,000 sq. ft. building on the site that will house grades 7 through 12 and serve approximately 125 students. The facility includes office space, gymnasium, cafeteria, media center, one science laboratory and twelve classrooms.